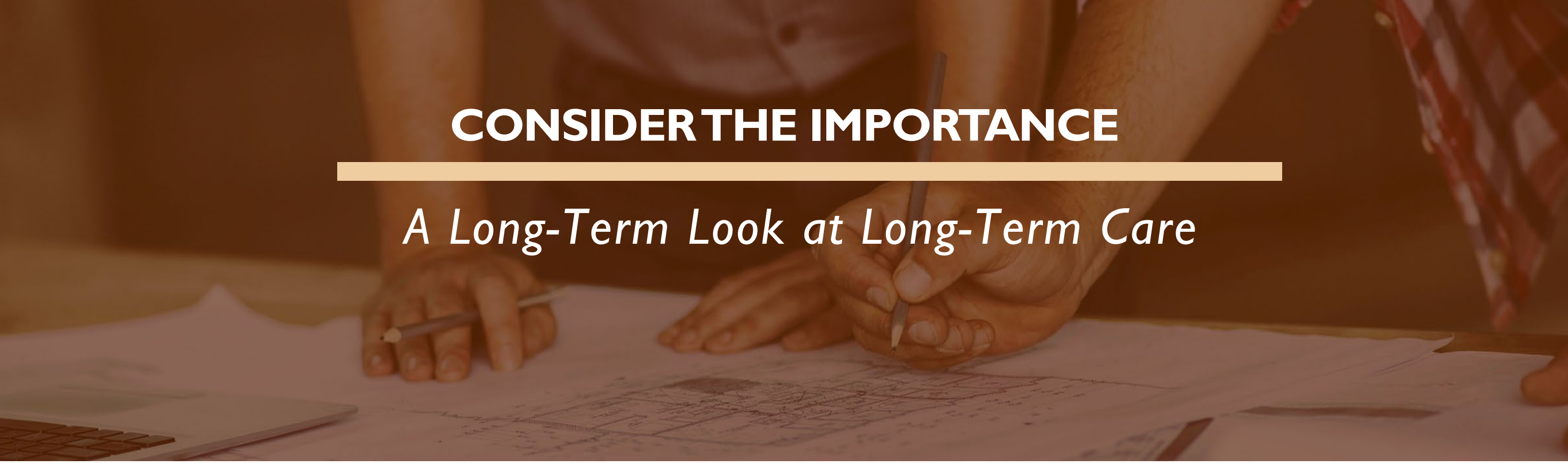

CONSIDER THE IMPORTANCE

A Long-Term Look at Long-Term Care

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For many clients, long-term care (LTC) planning is one of the most overlooked aspects of a comprehensive financial strategy. Individuals often spend decades accumulating wealth, implementing tax-efficient estate plans, and protecting their families from premature death, yet fail to address one of the most likely risks they will face: the need for extended long-term care.

For financial professionals, long-term care insurance should not simply be viewed as a healthcare product. It is a wealth preservation tool that can protect investment portfolios, preserve family legacies, and enhance sophisticated estate planning strategies. So, let’s take a look!

THE RISING COST OF DOING NOTHING

Advances in medicine have increased life expectancy, but with that comes the increased likelihood that clients will require assistance with activities of daily living as they age. Whether care is provided in the home, through assisted living, or in a skilled nursing facility, the costs can be substantial and may continue for several years.

And if trends continue, those costs will only become more and more impactful. During a period where household income for those 65 and older grew 22 percent, adult day services and nursing home costs outpaced that growth with increases of 33 percent and 25 percent, respectively.[1] Just in the last year (May 2025 – May 2026), nursing home costs have risen 4.6 percent while home care costs saw a 7.9 percent increase, according to the U.S. Bureau of Labor Statistics.[2] As the Great Wealth Transfer begins, how much of that wealth will be lost to long-term care costs?

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[1] Paul Wynn, *AARP Report Finds Long-Term Care Costs Outpacing Americans’ Incomes* AARP (Mar. 14, 2026), www.aarp.org/caregiving/financial-legal/long-term-care-affordability-report/
[2] *Ibid.*

SELF-INSURING?

More affluent clients may not exhibit any concern over these rising costs. After all, they can "self-insure" for long-term care, or so they may readily claim or – worse yet – be told so by their financial professionals. But there are two perilous issues with this mindset, both of which do the client disservice when it comes to proactive, comprehensive planning.

First, "self-insuring" is a misnomer. Insurance, by definition, refers to the leveraging of dollars to hedge against future risks. A client who simply has the wealth on paper to cover potential LTC costs isn't leveraging those funds; they can merely pay the costs dollar-for-dollar. "Self-insuring" is actually just *self-funding*.

Second, even if a client could self-fund any LTC event(s), they are likely not considering the unintended consequences of that approach. A significant LTC event can force the liquidation of investment assets during unfavorable market conditions, disrupt retirement income planning, and/or reduce the wealth that would otherwise be transferred to heirs. And for high-net-worth clients that may face estate tax exposure, setting aside funds for LTC costs means that, if the funds go unused, those assets will be reduced by estate taxes instead of fully benefiting a surviving spouse, children, or other loved ones. High-net-worth individuals routinely insure homes, businesses, and liability exposures despite having the financial capacity to absorb those losses. Long-term care risk deserves similar consideration.

PLANNING WITH SOLUTIONS, NOT THE STATUS QUO

Clients often lack a full understanding of the current LTC insurance landscape, with many possessing a one-track view of traditional LTC policies and their "use it or lose it" nature. With the advent of hybrid LTC policies, clients can now combine the advantages of life insurance with long-term care benefits. Should care be needed, policies can accelerate death benefits to cover costs, and if the client manages to avoid a long-term care event, beneficiaries will still receive a death benefit payout.

For wealthier clients whose planning often makes sophisticated use of irrevocable trusts, LTC policies can (despite common misgivings otherwise) be held in trust in the correct situation. Recent innovations in planning have even developed advanced methods by which LTC insurance can be held in trust while loans are taken against the trust to access LTC benefits, serving the dual purpose of providing for care and reducing the taxable estate. LTC planning truly has evolved from "use it or lose it" to "have your cake and eat it, too."

WHERE DO WE GO FROM HERE?

Long-term care planning should not be treated as a standalone insurance discussion. Instead, it should be part of a comprehensive conversation about retirement security, wealth preservation, and legacy planning.

Financial professionals who address long-term care proactively can help clients protect accumulated assets, reduce uncertainty, and create more resilient estate plans. For affluent families in particular, the objective is rarely to qualify for public assistance or simply pay dollar-for-dollar for care. The objective is to maintain control over how and where care is received while preserving the wealth they worked a lifetime to build.

Ultimately, long-term care insurance is not merely about funding a healthcare expense. It is about protecting a financial plan from one of the largest unfunded liabilities many clients will ever face.

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